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ALBERTA GOVERNMENT TELEPHONES

ANNUAL REPORT

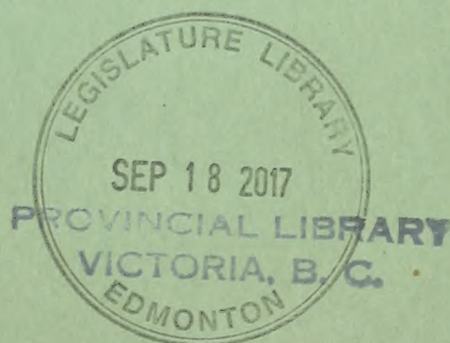
1944 - 1945

DOMINION BUREAU  
OF STATISTICS

NOV 17 1954

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Edmonton, Alberta.







Edmonton, Alberta,  
January 2nd, 1946.

To His Honour,

J.C. Bowen,

Lieutenant Governor of the Province of Alberta

Edmonton, Alberta.

Sir:

I have the honour to transmit the Thirty-Third  
Annual Report of the Department of Telephones for the year ending  
March 31st, 1945.

I have the honour to be, Sir,

Your obedient servant,

W.A. FALLOW

Minister of Railways and Telephones

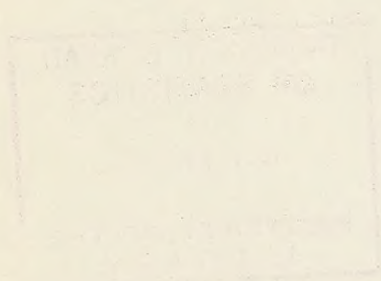
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DOMINION BUREAU  
OF STATISTICS

NOV 17 1954

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Edmonton, January 2nd, 1946.

Hon. W.A. Fallow,  
Minister of Railways and Telephones,  
EDMONTON, Alberta.

Sir:

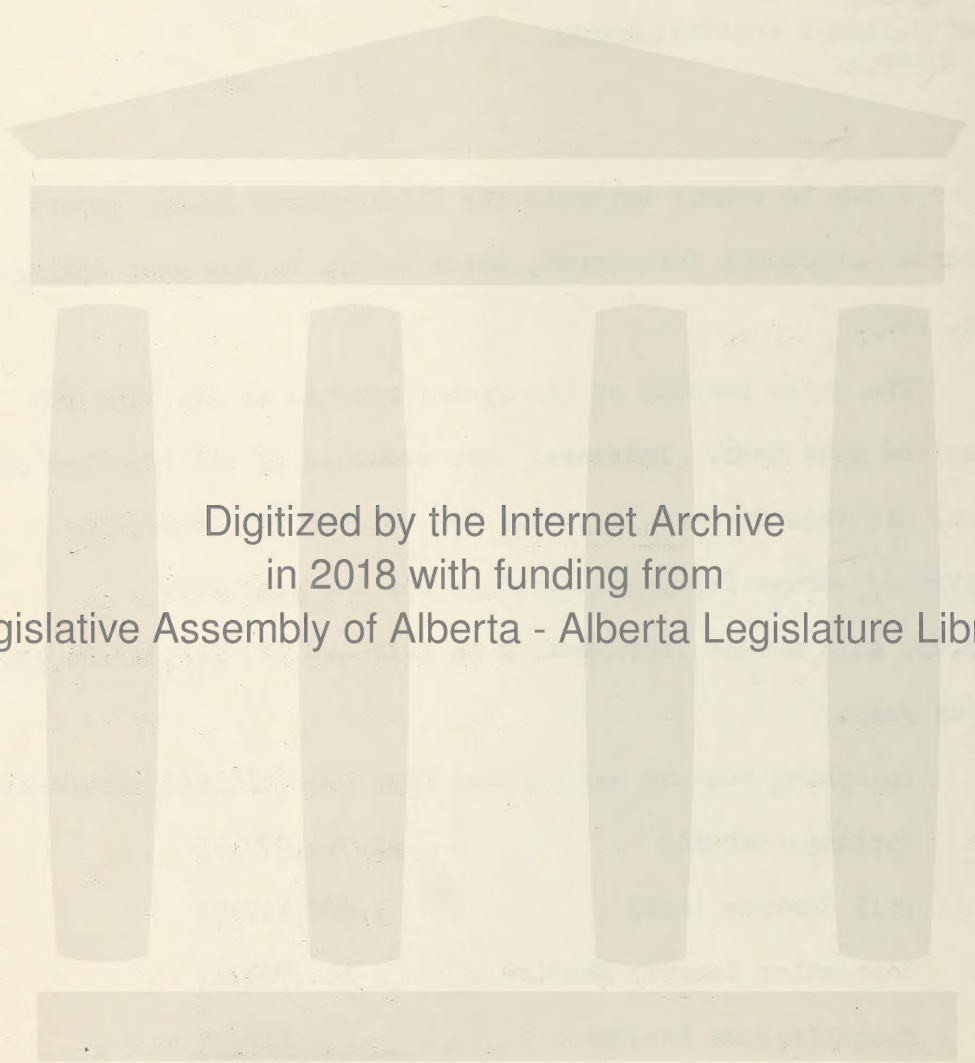
I beg to submit herewith the Thirty-Third Annual Report of the Alberta Government Telephones, which refers to the year ending March 31st, 1945.

The gross revenue of the System reached an all time record during the past year. Increases were recorded in all branches of our service, Exchange Service Rentals, Toll System and Connecting Company Revenue. Gross Telephone Earnings for the year were \$4,044,635.03, this amount representing an increase of \$241,348.74 over the previous year.

Telephone Revenue was derived from the following sources:-

Exchange Service	\$1,744,378.45
Toll Service (net)	1,888,159.05
Connecting Company Service	154,985.17
Miscellaneous Revenue	<u>257,112.36</u>
	<u>\$4,044,635.03</u>

Net Income for the year after appropriating \$800,000.00 for Depreciation of Plant, amounted to \$1,087,836.58 and was distributed as follows:-



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To Contingency Reserve Fund	\$ 300,000.00
To Pension Fund	100,000.00
To Corporate Deficit Fund	294,299.27
To Depreciation Reserve Fund	<u>393,537.31</u>
	<u>\$ 1,087,836.58</u>

The above mentioned appropriation to the Deficit Fund clears this Item from our Balance Sheet. Our operations resulted in Deficits during the years 1930 to 1936, at which time the corporate deficit amounted to \$1,906,653.35. This amount has been gradually reduced by applying surpluses from operation and it is with great satisfaction that we report this deficit now liquidated.

#### Pension Fund

Carrying out the recommendation of the Actuary, our employee Pension Fund was increased by an appropriation of \$100,000.00. The total Fund, which represents both Department and Employee Contributions, now amounts to \$1,859,237.74. It is our thought that an additional appropriation to this Fund next year will place it on a sound basis.

#### Contingency Reserve

We have set aside from Surpluses during the past three years an amount of \$500,000.00, \$300,000.00 of which was appropriated during the past year. Large expenditures at Edmonton, Calgary, Lethbridge and Medicine Hat are necessary for enlarging and replacing Plant and will be undertaken from this Fund as soon as material and equipment are available.





### Replacement Reserve

Our Reserve for Replacement of Plant which is worn out or obsolete now totals \$2,523,713.71, which amount represents 15.77 per cent of the Plant in service. Telephone Companies are permitted to carry a Replacement Reserve Fund of from 25 to 30 per cent of the Plant in Service. To reach this desirable position it will be necessary to raise the Fund to approximately \$4,000,000.00. It should be noted, however, that the Reserve Fund is in a better position at this time than at any other time in the history of the System. The above mentioned Reserve has been built up since the year 1935, at which time the Replacement Reserve was completely exhausted and we were making replacements with borrowed money.

### Station Report

During this fiscal year we have had a net gain of 1367 Stations. In addition to this gain the Rural Mutual Telephone Company growth has been 513 Stations. The total telephones in service in the Province is now 88,287.

Applications for service have continued at a high level in our City Exchanges and have increased considerably in the small town Exchanges. Up to the present time we have been able to provide service to practically all applicants in the smaller exchanges. The situation is critical in Calgary, Lethbridge, Red Deer and Drumheller, where our Central Office Equipment is all in use and more than 3,000 applicants are waiting for service.





The Manufacturers have orders for more Equipment than they can produce during the next two years. From present indications it is apparent that a considerable time will elapse before we are able to provide service to all applicants or have available sufficient spare facilities to provide service when it is requested.

Our Commercial Department is endeavouring to provide service to applicants in the order in which applications are received, preference being given only to applications for business telephones. Ours is only one of many industries suffering from acute shortages of material and equipment, resulting in a situation which must be handled with the greatest of care. The public in general have appreciated our position and have, and are still waiting patiently for the time when we can meet their requirements for service.

#### Toll Plant

Our Toll Plant has been extended to the limit to handle the business which was offered. This has resulted in an inferior result in speed of service. Increases in Toll Business have been most marked on our Calgary-Edmonton and Calgary-Lethbridge circuits, where the business is almost double that handled before the war. Our long haul business over the Trans-Canada System has developed until it is now 800 per cent over pre-war years. During the past year we have added five circuits between Alberta and British Columbia and three to Eastern Canada. Notwithstanding this increase in circuits we are still experiencing long delays on business to Ontario and Quebec. An additional circuit was erected between Calgary and the Saskatchewan Boundary to form the basis





of four additional circuits to Eastern Canada. These circuits should be in operation before the end of the year 1945.

### Statistics

Following are the customary details of telephone revenue and expenses for comparison with the previous years.

	<u>Telephone Earnings</u>	<u>Telephone Expenses</u>	<u>Number of Telephones</u>
1936	\$2,367,482.00	\$1,017,195.00	34,046
1937	2,410,761.00	1,034,142.00	32,060
1938	2,495,769.00	1,075,134.00	32,303
1939	2,572,847.00	1,108,938.00	33,575
1940	2,692,474.00	1,111,264.00	34,652
1941	2,846,780.00	1,138,604.00	36,130
1942	3,080,909.00	1,231,124.00	38,664
1943	3,487,735.00	1,365,880.00	40,557
1944	3,803,286.00	1,260,912.00	42,880
1945	4,044,635.00	1,337,675.00	44,247

### Interest and Sinking Funds

1936	\$1,571,890.00
1937	979,750.00 *
1938	847,098.00 *
1939	835,885.00 *
1940	722,561.00 *
1941	732,835.00 *
1942	742,945.00 *
1943	747,286.00 *
1944	740,373.00 *
1945	745,458.00 *

\* - No appropriation for Sinking Fund.

Working plant shows a net increase during the year of

\$239,007.91, divided as follows:-





Central Office Equipment	\$ 48,293.65
Exchange Plant (Lines and Stations)	29,913.69
Toll Plant	160,800.57

Staff

At the end of the fiscal year we had 707 employees on our payroll, divided as follows:-

Male 234

Female 473

52 of our employees are on Military Service with leave of absence from this Department.

I cannot close this report without a reference to the conscientious service rendered by the entire Staff throughout the past year. They have given of their best to render good service to the public whom they serve. The successful result of the year's operations can be attributed, to a marked degree, to the cheerful and efficient manner in which the Staff has met and carried out every task assigned to them.

Respectfully submitted,

W.C. Bruce  
Deputy Minister of Telephones.





C O M M E R C I A L

CONDENSED STATION REPORT - Year ended March 31st, 1945

Exchange Subscribers' Stations	34,568
Exchange Subscribers' Extensions	3,766
Exchange P.A.X. Sub-Stations	772
Exchange P.B.X. Sub-Stations	3,793
Pay Stations	689
Toll Stations	198
Private A.B. Line Stations	72
A.G.T. "X" Line Stations	<u>389</u>

Total Alberta Government Telephone Stations	<u>44,247</u>
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Number of Rural Mutual Telephone Company and other Private Owned Party Line Stations	19,327
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STATEMENT OF EXCHANGE & TOLL OFFICES IN THE PROVINCE:

Year ended March 31st, 1945

Number of Alberta Government Telephone Exchanges	281
Number of Alberta Government Telephone Toll Offices	198
Number of Alberta Government Telephone Exchange Stns.	43,660
Number of Alberta Government Telephone "X" Line Stns.	<u>389</u>

44,247

Number of Rural Mutual Telephone Companies	783
Number of Rural Mutual Telephone Co. Stations	18,926
Number of other Private Owned Party Lines	27
Number of other Private Owned Party Line Stns.	401
Number of Connecting Exchanges, Edmonton & Banff	2
Number of Connecting Exchange Stations	<u>24,713</u>

Total	-	<u>88,287</u>
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P L A N T

TOLL WORK UNDERTAKEN AND COMPLETED:

April 1, 1944 to March 31, 1945

Constructed

Toll Pole Miles	18.25
Wire Miles	508.95

Rebuilt

Toll Pole Miles	162.60
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EXCHANGES REBUILT:

Completely rebuilt	8
Partially rebuilt	5

NEW EQUIPMENT INSTALLED DURING YEAR:

April 1, 1944 to March 31, 1945.

Automatic	Nil
Common Battery	20 line addition
Magneto	2 Positions 1220 Swbds.
Magneto	220 line addition
R.C.X.	10 line addition

STATISTICS:

No. of Automatic Exchanges	11
No. of Common Battery Exchanges	5
No. of Magneto Exchanges	268
No. of Remote Control Exchanges	9

Miles of Poles

Exchange	718
Toll	<u>4999</u>
Total	5717

Miles of Wire

In Underground Cable	46962
In Aerial Cable	44666
Open Wire	<u>51341</u>

Total	142969 miles
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T R A F F I C

General Statistics for Year Ending  
March 31st, 1945

Traffic Payroll Offices .....	40
Offices giving Continuous Service .....	125
Toll Centers .....	77
Tributary Offices .....	397
Number of Cities, Towns and Hamlets in Alberta having telephone connection .....	1,038
Number of "Out" tickets completed and billed .....	3,225,869 .
Offices using teletype for departmental business .....	3
Number of Physical L.D. Lines .....	323
" " Phantom " " " .....	48
" " part Phantom & part Physical L.D. lines ....	35
" " Carrier L.D. lines .....	36
" " Morse " " " .....	15
Physical L.D. Circuit Mileage .....	20,801.45
Phantom " " " " .....	4,017.64
Carrier " " " " .....	11,753.13
Morse " " " " .....	5,492.6

Included in the above is the Peace River District which is composed of the following:-

Traffic Payroll Offices .....	2
Offices giving Continuous Service .....	2
Toll Centers .....	4
Tributary Offices .....	41
Number of Physical L.D. lines .....	11
" " Phantom " " " .....	1
" " part Phantom and part Physical L.D. lines ..	1
" " Carrier L.D. lines .....	1
Physical L.D. Circuit Mileage .....	591.7
Phantom " " " " .....	36.4
Carrier " " " " .....	139.9





GOVERNMENT OF THE PROVINCE OF ALBERTA  
OFFICE OF THE PROVINCIAL AUDITOR

EDMONTON, August 15, 1945.

Hon. W.A. Fallow,  
Minister of Railways and Telephones,  
BUILDINGS.

I have audited the books and records of the Alberta Government Telephones for the year ended March 31, 1945. The undernoted statements are submitted for your information:

<u>Statement</u>	<u>Particulars</u>
A.	Balance Sheet
B.	Condensed Statement of Earnings
C.	Depreciation and Renewal Reserve Fund
	Alberta Government Telephones Pension and Death Benefit Fund:
D.	Balance Sheet
E.	Statement of Operations.

Net surplus for the year before providing for depreciation amounted to \$1,887,836.58 of which \$1,193,537.31 was transferred to depreciation and renewal reserve, \$300,000.00 was transferred to reserve for contingencies and \$100,000.00 was set aside as a special contribution to the Pension and Death Benefit Fund, and the remainder, \$294,299.27 was transferred to clear the accumulated deficit. Debenture interest was paid at the reduced rates tendered by the Province. Provision for sinking fund charges is not included in the accounts.

Provision in the amount of \$1,193,537.31 has been made for depreciation accruing on toll and exchange systems. Reserve interest earnings amounted to \$44,034.24 during the period. Charges against the reserve during the year amounted to \$409,878.84 leaving a net increase of \$827,692.71. The reserve amounted to \$2,523,713.71 at March 31, 1945.

Accounts receivable shown on the Balance Sheet are summarized below:



Current subscribers' accounts	\$225,517.82
Unbilled tolls	<u>63,785.17</u>
	\$289,302.99
Less: Reserve for uncollectible accounts	<u>37,033.89</u>
	<u>\$252,269.10</u>

The reserve for uncollectible accounts is considered to be adequate.

Pension and death benefit fund assets are subject to the comments contained in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

Depreciation and renewal reserve fund assets are set forth in Statement C. Investments consist of Dominion of Canada bonds having a par value of \$1,681,000.00.

Contingency reserve fund assets are represented by:

Cash in bank	\$ 6,250.00
Dominion of Canada bonds at cost and accrued interest	202,250.00
Amount due from Alberta Government Telephones	<u>300,000.00</u>
	<u>\$508,500.00</u>

Subject to the foregoing remarks, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones as at March 31, 1945 according to information and explanations given to me and as shown by the books of the Alberta Government Telephones and the accompanying Condensed Statement of Earnings correctly sets forth the result of operations for the year ended at that date.

C.K. HUCKVALE C. A.  
Provincial Auditor.





ALBERTA GOVERNMENT TELEPHONES

Statement A

BALANCE SHEET AS AT MARCH 31, 1945

ASSETS

Plant in Service:

Real Estate	\$ 1,196,886.14
Equipment	4,511,974.46
Exchange lines	3,542,005.49
Toll lines	<u>6,756,930.03</u>

\$16,007,796.12

Inventories:

Office furniture and fixtures	\$ 105,938.73
Tools and vehicles	64,450.87
Supplies	<u>221,225.23</u>

391,614.83

Current assets:

Cash	\$ 1,263,555.47
Investments:	
Dominion of Canada bonds	450,000.00
Accounts receivable, less reserve	252,269.10
Unbilled custom work and sundry debtors	20,522.23
Prepaid expenses	<u>34,290.54</u>

2,020,637.34

Special funds:

Sinking fund cash and investments (book value)	\$ 2,748,768.87
Pension and death benefit fund, net assets, Statement D	1,859,237.74
Depreciation and renewal reserve fund, net assets, Statement C	2,523,713.71
Contingency reserve fund	<u>508,500.00</u>

7,640,220.32

Deferred charges and capital losses:

Debenture discount, less sinking fund reserve on debentures redeemed	\$ 642,784.11
Foreign exchange capitalized, 1932-1935	422,332.43
Loss on sales and abandonment of rural lines toll lines and equipment	8,334,914.93
Adjustment of toll and exchange plant values, 1935	243,563.33
Loss on revaluation of inventories, 1923, less amounts written off	300,000.00
Adjustment of accrued interest and sinking fund, 1923-24	391,075.99
Adjustment of land and buildings valuation, 1944	<u>238,268.02</u>

10,572,938.81

Trust:

Cash	\$ 2,807.95
Victory bonds, book value	<u>41,428.80</u>

44,236.75

\$36,677,444.17





LIABILITIES

Capital liabilities:

Debentures and treasury bills

\$ 27,442,987.87

Current liabilities:

Accounts payable	\$ 71,999.76
Accrued debenture interest, not due	254,013.64
Unearned revenue	38,880.76
Due to Pension and Death Benefit Fund	100,000.00
Due to Depreciation and Renewal Reserve Fund	783,658.47
Due to Special Contingencies Reserve Fund	<u>300,000.00</u>

1,548,552.63

Reserves:

Sinking fund reserve	\$2,748,768.87
Pension and death benefit fund reserve	1,859,237.74
Depreciation and renewal reserve	2,523,713.71
Reserve for contingencies	508,500.00
Special reserve	<u>1,446.60</u>

7,641,666.92

Trust:

Employees' war funds	\$ 37,331.95
Victory bond instalment payable	<u>6,904.80</u>

44,236.75

\$ 36,677,444.17

This is the Balance Sheet referred to in my report  
to the Minister of Railways and Telephones  
dated August 15, 1945.

C.K. HUCKVALE C.A.  
Provincial Auditor.



ALBERTA GOVERNMENT TELEPHONES

Statement B

CONDENSED STATEMENT OF EARNINGS

FOR THE YEAR ENDED MARCH 31, 1945

Telephone operating revenue:

Exchange earnings		\$ 1,744,378.45
Connecting companies rentals		154,985.17
Toll earnings	\$ 2,086,152.31	
Less: Toll interchange	<u>197,993.26</u>	
		<u>1,888,159.05</u>
		\$ 3,787,522.67

Telephone operating expenses:

Operation	\$ 1,008,394.37	
Maintenance	<u>329,262.93</u>	
		<u>1,337,657.30</u>

Net Telephone earnings

\$ 2,449,865.37

Add: Sundry earnings:

Leased line revenue	\$ 151,023.22	
Directory revenue	48,029.28	
Miscellaneous	58,059.86	
Interest earned, etc.	<u>13,830.70</u>	
		<u>270,943.06</u>

Total gross income

\$ 2,720,808.43

Deduct:

Interest	\$ 701,737.94	
Commission and exchange	<u>4,254.31</u>	
		<u>705,992.25</u>

Operating surplus

\$ 2,014,816.18

Deduct: Other charges:

Pension fund contributions	\$ 87,513.15	
New York and London exchange	<u>39,466.45</u>	
		<u>126,979.60</u>

Net surplus before providing for depreciation

\$ 1,887,836.58





Allocated as follows:

Depreciation and renewal reserve:

Current year's charges	\$ 409,878.84
Additional provisions	<u>783,658.47</u>

Provision for contingencies	\$1,193,537.31
Contribution to Pension and Death	300,000.00

Benefit Fund	100,000.00
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Transferred to deficit account	<u>294,299.27</u>
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\$1,887,836.58

DEFICIT ACCOUNT

Deficit at April 1, 1944

\$ 294,299.27

Deduct:

Unallocated surplus for year ended  
March 31, 1945

294,299.27

-



ALBERTA GOVERNMENT TELEPHONES  
DEPRECIATION AND RENEWAL RESERVE FUND  
FOR THE YEAR ENDED MARCH 31, 1945

Reserve at April 1, 1944 \$1,696,021.00

Add:

Provision from current surplus	\$1,193,537.31	
Interest earnings	<u>44,034.24</u>	
		<u>1,237,571.55</u>
		\$2,933,592.55

Deduct: Charges to reserve:

Plant displaced, net	\$ 213,470.99	
Cost of removing plant	23,615.84	
Cost of extraordinary repairs	9,929.80	
Cost of repairs, rearrangements, etc. on reconstruction estimates	39,129.44	
Supervision, engineering and other associated costs chargeable to reserve	27,416.93	
Inventory adjustments and other charges, net	343.88	
Loss on sale of land and buildings	<u>95,971.96</u>	
		<u>409,878.84</u>

Reserve at March 31, 1945 \$2,523,713.71

Represented by:

Cash in bank and accrued interest	\$ 44,330.83	
Investments at cost and accrued interest	1,695,724.41	
Amount due from Alberta Government Telephones	<u>783,658.47</u>	
		<u>\$2,523,713.71</u>





ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT MARCH 31, 1945

ASSETS

Cash in bank	\$ 6,768.34
Investments in bonds and debentures, at book value	1,741,048.88

<u>Particulars</u>	<u>Par value</u>
Dominion of Canada, direct issues	\$1,025,350.00
Province of Alberta, direct issues	585,500.00
Province of Alberta, direct issues past due	138,806.65
Province of Alberta, guaranteed issues:	
Lethbridge Northern Irrigation	
District	\$ 50,000.00
Viking Drainage District	<u>41,000.00</u>
	91,000.00
City of Edmonton	51,000.00
City of Calgary	<u>2,919.99</u>
	<u>\$1,894,576.64</u>

Accrued interest	11,420.52
Due from Alberta Government Telephones	<u>100,000.00</u>
	<u>\$1,859,237.74</u>

LIABILITIES

<u>Pension and death benefit fund reserve:</u>	
Employees' contributions	\$ 521,343.43
Alberta Government Telephones	<u>1,332,144.58</u>
	\$1,853,488.01
Undistributed interest	<u>5,749.73</u>
	<u>\$1,859,237.74</u>

Edmonton, Alberta,  
August 15, 1945.

I have audited the books and records of the Alberta Government Telephones Pension and Death Benefit Fund for the year ended March 31, 1945.



During the year under review interest on Province of Alberta direct and guaranteed issues was received at the reduced rates tendered by the Province. The fund received a special contribution of \$17,513.15 from the Alberta Government Telephones to maintain earnings at the required  $4\frac{1}{2}$  per cent.

Investments are shown on the Balance Sheet at book value, which represents the original cost together with amortization of premium and discount to December 31, 1935. The approximate market value of fund investments at August 15, 1945 was \$2,070,000.00.

An actuarial survey of the Pension and Death Benefit Fund as at March 31, 1944 revealed that the requirements exceeded the amounts provided by \$281,892.48. The deficiency has been partially liquidated by contributions totalling \$140,000.00 made by the Alberta Government Telephones during the year ended March 31, 1945.

Subject to the foregoing remarks, I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Pension and Death Benefit Fund as at March 31, 1945 according to information and explanations given to me and as shown by the books of the Fund.

C.K. HUCKVALE C. A.  
Provincial Auditor.





ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1945.

	<u>Employees'</u> <u>Accounts</u>	<u>Alberta</u> <u>Government</u> <u>Telephones</u> <u>Account</u>	<u>Total</u>
Pension fund as at April 1, 1944	\$ 510,165.29	\$1,119,424.49	\$1,629,589.78
<u>Add: Contributions and earnings</u> <u>for the year:</u>			
Fund contributions	34,200.84	30,000.00	64,200.84
Earnings	16,767.02	36,971.97	53,738.99
Special contribution to earn- ings from Alberta Government Telephones	5,459.93	12,053.22	17,513.15
Transfer in respect of joint life annuities	<u>* 30,698.64</u>	<u>30,698.64</u>	
Sub-total	<u>\$ 535,894.44</u>	<u>\$1,229,148.32</u>	<u>\$1,765,042.76</u>
<u>Deduct:</u>			
Withdrawals	\$ 14,551.01		\$ 14,551.01
Pension payments		<u>\$ 37,003.74</u>	<u>37,003.74</u>
	<u>\$ 14,551.01</u>	<u>\$ 37,003.74</u>	<u>\$ 51,554.75</u>
Sub-total	<u>\$ 521,343.43</u>	<u>\$1,192,144.58</u>	<u>\$1,713,488.01</u>
<u>Add:</u>			
Special appropriations from Alberta Government Telephones		<u>\$ 140,000.00</u>	<u>\$ 140,000.00</u>
Pension fund as at March 31, 1945	<u>\$ 521,343.43</u>	<u>\$1,332,144.58</u>	<u>\$1,853,488.01</u>
* Debit			









